The City of Chicago's Comments to the Illinois Commerce Commission's Plug-In Electric Vehicle Policy Initiative
August 17, 2011

The City of Chicago (the City) commends the Illinois Commerce Commission (ICC) for its leadership in developing the Initiative on Plug-In Electric Vehicles (the Initiative). At this time, the plug-in electric vehicle (PEV) market is in its initial phase and many of the specific answers the ICC is seeking through comments from stakeholder are unknown at this time. Identifying potential barriers and options for accelerating consumer access to PEVs should be an ongoing discussion at the ICC. The City encourages the ICC to revisit this initiative as the PEV market matures to ensure that Illinois is at the forefront of transportation electrification. The City respectfully submits the following supplemental comments regarding the regulatory and legal issues included in the July 15 e-mail from Anthony Star of the ICC to the City and other Initiative stakeholders.

1) The appropriate regulatory paradigm (if any) for private and public charging stations.

CITY RESPONSE

Due to the environmental and economic benefits PEVs can achieve, the City desires to avoid regulations that may hinder PEV adoption. The City supports removing market restrictions to allow healthy completion and the development of various business models. This approach will promote innovation, benefit consumers and accelerate EV adoption.

Electric vehicle service equipment (EVSE) should not be subject to the same regulations as public utilities and should not fall under the jurisdiction of ICC. At this time, the greatest benefit the ICC can bring to the Illinois PEV market is to follow the lead of the California Public Utilities Commission and signal that companies that sell electric vehicle charging services to the public will not be regulated as "public utilities" pursuant to the Public Utilities Act.

It is the City's belief that EVSE should be subject to applicable regulations and certifications required of commercial electrical equipment and should be regulated as such. In addition, because EVSE dispenses a "fuel", state regulators may play a role in certifying meters for public charging services. Pricing for the use of public EVSE should be determined by the market and not regulated.

2) In order to facilitate the charging of electric vehicles that provides the maximum societal environmental and economic benefits, what modifications (if any) should be made to existing utility rates? In addition, what metering options and charges should be considered while taking into account the existence of competitive retail suppliers?

CITY RESPONSE

To realize the full air quality and climate change benefits offered by PEV technologies, utilities should encourage and educate customers to use electricity during off-peak hours and generated by low and/or zero emission energy technologies. To realize the benefits of off-peak usage, customers who purchase PEVs should be encouraged to enroll in time-of-use rate programs. The City and other stakeholders are tracking PEV rate pilot programs across the country to determine their efficacy.

Public utilities should analyze their existing commercial rates to determine if they might inhibit commercial enterprises that operate a fleet of vehicles from investing in PEVs on a significant scale. A fleet of PEVs at one commercial location may change the customer's rate classification, thereby requiring the customer to pay a higher demand charge. The increased cost in electricity delivery charges may dissuade the company from displacing petroleum fueled vehicles with PEVs.

3) What cost causation and rate design modifications will be required to handle distribution upgrades for increased penetration of higher voltage at-home charging?

CITY RESPONSE

The City recommends that the costs of any distribution upgrades necessary to accommodate residential PEV charging should not be socialized across all customers. The customer installing the infrastructure necessary for PEV charging should be responsible for the costs of such infrastructure.

4) Which costs, if any, should be socialized and why (rationale, benefits, etc.)? Assuming there are costs to be socialized, what are the proper methods for such allocation?

CITY RESPONSE

At this time, consumers benefit from a significant amount of incentives associated with PEVs, including:

- $7,500/vehicle Federal tax credit for electric vehicles;
- 50% Federal tax credit through 2010 for the cost of installed EVSE; and
- $4,000/vehicle Illinois Alternative Fuel Vehicle Rebate Program.

Due to these incentives, additional socialized costs may not be necessary to support a successful initial PEV market. A potential scenario that may require socializing costs is underserved areas for public EVSE services. In communities where private investment in public EVSE will not yield returns due to low utilization, it may be necessary for the local utility to own and operate EVSE to support their customers' PEV needs.